

Testimony of the
International Council of Cruise Lines
Before the
Senate Commerce, Science & Transportation Committee
on
S. 1510, the Cruise Ship Tourism Development Act of 1999

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On behalf of the International Council of Cruise Lines (ICCL), we are pleased to submit this statement outlining ICCL's position on S. 1510, the Cruise Ship Tourism Development Act of 1999, which amends the Passenger Vessel Services Act (PSA) to allow foreign-flag vessels to carry passengers in United States coastwise trade.

ICCL is a non-profit trade association that represents the interests of 17 of the largest cruise lines operating in the North American cruise market and over 60 Associate Member companies that are cruise industry business partners and suppliers. ICCL member cruise lines serve major ports in the United States and call on more than 200 ports around the world. Last year, ICCL's cruise vessel operators carried more than 5 million passengers on 94 vessels.

We welcome the opportunity to appear before the Committee today to discuss our industry perspectives on S. 1510. This legislation would modify the Passenger Services Act and allow qualified vessels to engage in coastwise trade. ICCL has been requested to present its views on how any changes to the PSA would impact our industry.

Since the foreign passenger vessel industry, from its inception, has been engaged in international voyages, modifications to the PSA would not change our current operations nor encourage our member's to engage in coastwise trade. For this reason, ICCL has not taken a position on any legislation that amends the PSA since we do not anticipate any significant changes in our member's cruise itineraries.

We understand the objectives that proponents of this legislation are trying to

achieve. The Cruise America Coalition is comprised of tourism interest, U.S. ports, and many other travel industry partners with which the passenger cruise industry works very closely on a host of other important issues. The members of this coalition are interested in bringing expanded economic development to their cities, states and regions. We do not believe that a reformed PSA is necessary to achieve these objectives. We encourage growth in all segments of the cruise industry and, with the slated expansion of our member's fleets, passenger vessels will bring more business and economic activity to additional U.S. ports of call without any modifications to U.S. law.

The ICCL member cruise lines are operating in an international, market-driven, competitive environment. Global passenger cruise business has significantly increased in the past several years. Last year, over 223 vessels carried approximately 9.5 million passengers worldwide. Global capacity in the past six years has increased by almost 50 percent. Today, passenger vessel capacity is based upon what the market will support. While a significant part of the business continues to remain in the Caribbean, Alaska, Bermuda, and Trans Canal cruises, the largest growth has been experienced outside North American in the Transatlantic, Europe, Southeast Asia and Far East regions.

During consideration of this important issue, we would like to provide the Committee with information regarding the economic benefits that our industry operations generate in the United States. A study recently updated by PricewaterhouseCoopers (PwC) and Wharton Economic Forecasting Associates (WEFA), concluded that the total economic impact of the cruise lines, their passengers, and their U.S. suppliers reached **\$11.6 billion in 1997**. This spending was responsible for generating over 176,000 jobs for

U.S. citizens. With the addition of 47 new ICCL member vessels by the year 2002, both industry expenditures and the number of jobs created are expected to significantly increase as well.

The PwC and WEFA study not only examined the cruise industry's nationwide purchases of U.S. goods and services, it also examined the state by state impact of industry purchases. The study concluded that the direct spending of the cruise industry and its passenger was almost **\$7 billion in 1997** and **extended into all 50 States**. The top industries benefiting from the cruise industry are manufacturing; finance, insurance and real estate; and transportation, communications and utilities. A listing of cruise industry expenditures by state and by industry is enclosed in the Appendices.

The cruise industry is proud of the economic partnerships we have developed with other U.S. industries across the country. While ICCL member vessels spend most of their time at sea, our member lines are responsible for stimulating business activity not only in U.S. coastal states but also in other regions of the country. Cruise industry operations depend on the vital support of many U.S. business and service sector suppliers. Industry purchases range from California, Alaska and Washington state, to Texas, Louisiana, Tennessee and New York. An example of direct cruise industry spending in ten selected states follows:

Alaska	\$363.3M
Arizona	\$47.4M
Louisiana	\$107.2M
Massachusetts	\$120.6M
Michigan	\$99.7M
Mississippi	\$10.8M
Oregon	\$99.7M
South Carolina	\$21.8M

Texas	\$123.1M
Washington	\$162.9M

Of course, the most important component of this industry is our passengers. Today, the typical cruise passenger is from middle America and comes from every state and age bracket. The continued success of the cruise industry is in large part attributable to the fact that a cruise vacation is affordable for the average American. The following provides a selected state listing of passengers who cruised in 1998:

Alaska	4,969
Arizona	78,161
Louisiana	73,894
Massachusetts	172,542
Michigan	137,546
Mississippi	15,708
Oregon	40,818
South Carolina	55,622
Texas	199,068
Washington	83,682

In conclusion, Mr. Chairman, as the industry continues to expand, it will be able to provide more opportunities for businesses located throughout the United States. In addition, as the industry brings new vessels into the North American market, it will be able to provide expanded service to additional U.S. ports and offer new itineraries for cruise passengers.

ICCL appreciates the opportunity to express its views to the Committee on this important issue.